

**BOYS & GIRLS CLUB
OF NATCHITOCHEs, INC.**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/29/07

Boys & Girls Club of Natchitoches, Inc.
Annual Financial Report
December 31, 2006

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Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Boys & Girls Club of Natchitoches, Inc.
Natchitoches, Louisiana

We have audited the accompanying statement of financial position of the Boys & Girls Club of Natchitoches, Inc. (a nonprofit organization) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Natchitoches, Inc. as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, the Corporation's funding sources have decreased significantly during the past three years. In fact, the Club has operated for several years under immense pressure to raise additional funds to meet its operating obligations. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 12 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2007, on our consideration of the Boys & Girls Club of Natchitoches, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

March 27, 2007

Natchitoches, Louisiana

FINANCIAL STATEMENTS

Boys & Girls Club of Natchitoches, Inc.
Statement of Financial Position
December 31, 2006

ASSETS:	
Cash	\$ 4,155
Equipment	37,306
Less, Accumulated Depreciation	<u>(29,405)</u>
Total Assets	<u>\$ 12,056</u>
LIABILITIES:	
Accounts Payable	\$ 1,716
Loan Payable	<u>25,000</u>
Total Liabilities	\$ 26,716
NET ASSETS:	
Unrestricted (Deficit)	<u>(14,660)</u>
Total Liabilities & Net Assets	<u>\$ 12,056</u>

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Activities
For the Year Ended December 31, 2006

Unrestricted Net Assets:

Unrestricted Revenues-

Grants-

Dept. of Social Services-Teen Pregnancy	\$ 25,037
DOJ OJP	38,389
Northwest Law Mentoring	5,279
LA Family Recovery	12,869
Grants Other	7,500

Miscellaneous-

Fundraisers	42,193
Special Events	8,185
Contributions	48,129
Other	8,603
In-kind Revenue	<u>49,200</u>

Total Unrestricted Revenues \$245,384

Expenses:

Salaries & Related Expenses	\$153,170
Office Supplies & Printing	10,142
Program Expenses	11,914
Telephone & Utilities	13,720
Travel & Training	3,264
Insurance	14,300
Postage	1,631
Other	27,827
Deprecation	5,138
In-kind Expenses	<u>49,200</u>

Total Expenses \$290,306

Decrease in Net Assets \$ (44,922)

Net Assets-Beginning of Year 30,262

Net Assets (Deficit)-End of Year \$ (14,660)

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	\$(44,922)
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided by Operating Activities-	
Depreciation	5,138
Increase (Decrease) in Payroll Tax Liabilities	(2,863)
Increase (Decrease) in Accounts Payable	1,716
(Increase) Decrease in Accounts Receivable	<u>24,375</u>
Net Cash Provided by (used by) Operating Activities	<u>\$(16,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Cash Provided by (used by) Investing Activities	<u>\$ 0</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceed of Short-term Debt	\$ 25,000
Capital Assets Purchased	<u>(2,500)</u>
Net Cash Provided by (used by) Financing Activities	<u>\$ 22,500</u>
NON-CASH CAPITAL ACTIVITIES:	
Capital Asset Donation	<u>\$ (2,000)</u>
Net Cash Provided by (used by) Capital Activities	<u>\$ (2,000)</u>
Net (Increase) in Cash	\$ 3,944
Cash-Beginning of Year	<u>211</u>
Cash-End of Year	<u>\$ 4,155</u>
Required Supplementary Information:	
Interest Paid During the Year	<u>\$ 1,033</u>

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2006

OJP-	
Supplies	\$ 138
Salaries & Related Costs	58,383
Other	<u>4,244</u>
Total	\$ <u>62,765</u>
Dept. of Social Services '04-	
Program Expenses	\$ 1,054
Salaries & Related Costs	<u>23,983</u>
Total	\$ <u>25,037</u>
Fundraisers-	
Steak & Burger	\$ 4,424
River Run	117
Celebrity Chef	1,279
Printing	<u>241</u>
Total	\$ <u>6,061</u>
LFRC-	
Salaries & Related Costs	\$ 8,248
Travel	768
Supplies	2,812
Other	<u>1,041</u>
Total	\$ <u>12,869</u>
Northwest Law Mentoring-	
Salaries & Related Benefits	\$ <u>5,279</u>
Total	\$ <u>5,279</u>

Continued next page

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Functional Expenses (continued)
For the Year Ended December 31, 2006

Operations-	
Program Expenses	\$ 1,957
Maintenance	929
Special Events	6,094
Technology & Communication	6,354
Vehicle Expense	2,213
Bank Service Charge/Credit Card	719
Dues & Subscriptions	4,072
Insurance	14,300
Interest	1,033
Legal & Accounting	3,100
Miscellaneous	1,021
Office Expense	5,216
Salaries & Related Costs	56,817
Contract Labor	5,000
Postage	1,631
Travel/Training	3,010
Utilities	6,899
In-kind Expenses	49,200
Depreciation	<u>5,138</u>
Total	<u>\$178,295</u>
Total Expenses	<u>\$290,306</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Boys & Girls Club of Natchitoches, Inc.
Notes to Financial Statements
December 31, 2006

1. The Reporting Entity:

Boys & Girls Club of Natchitoches, Inc., was incorporated as a non-profit organization on April 27, 1989, under the laws of the State of Louisiana. The corporation was formed as a youth service agency to provide behavior guidance and to promote the health, social, educational, vocational and character development of youth in the city of Natchitoches and surrounding areas within the parish, with special concern for those from disadvantaged circumstances.

The corporation operates under a eleven member Board of Directors and is affiliated with the national organization, Boys and Girls Clubs of America, which assists the local clubs with fundraising, marketing, and training. The average number of youth participating in the Club is approximately 2,020 per year.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Boys & Girls Club of Natchitoches, Inc. conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation - The Club has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Club is required to present a statement of cash flows. As permitted by the statement, the Club has discontinued its use of fund accounting.
- B. Basis of Accounting - The Club uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.
- C. Budgets and Budgetary Accounting - The Boys & Girls Club is not required to adopt a budget. Accordingly, no budget comparisons have been presented.
- D. Fixed Assets - Depreciation on all exhaustible fixed assets is charged as an expense against the operations of the Club. Assets are shown at cost. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation expense for the year ended December 31, 2006 was \$5,138. Accumulated depreciation at December 31, 2006, was \$29,405.

Boys & Girls Club of Natchitoches, Inc.
Notes to Financial Statements
December 31, 2006

- E. Unpaid Accumulated Vacation Pay - Employees of the Club may not carry forward unused vacation or sick time. Therefore, no accrual has been made for such pay.
- F. Cash Equivalents - For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.
- G. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Changes in Fixed Assets:

The following is a summary of changes in fixed assets for the Club for the year ended December 31, 2006:

	Balance <u>1-1-06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-06</u>
Vehicles	\$ 0	\$2,500	\$0	\$ 2,500
Machinery & Equipment	<u>32,805</u>	<u>2,000</u>	<u>0</u>	<u>34,805</u>
Total Assets	<u>\$32,805</u>	<u>\$4,500</u>	<u>\$0</u>	<u>\$37,305</u>

4. Retirement Plan:

The Boys & Girls Club of Natchitoches, Inc. participates in a pension plan sponsored by the Boys & Girls Club of America. The plan is an insured, non-contributory defined benefit pension plan, covering employees of various Boys & Girls clubs. The amount charged to pension expense and contributed to the plan during the year was \$2,108.

5. Compensation Paid to Board Members:

The members of the Board of Directors receive no compensation for their services.

6. Cash and Investments:

At December 31, 2006, cash and cash investments (bank balance) totaled \$4,205. The amounts held in commercial banks were fully insured by FDIC Insurance.

Boys & Girls Club of Natchitoches, Inc.
Notes to Financial Statements
December 31, 2006

7. Income Taxes:

The corporation applied for and received tax-exempt status under I.R.C. section 501(c)(3). Accordingly, the Club pays no income taxes.

8. Unrestricted Net Assets:

None of the net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounting for as unrestricted assets under SFAS No. 117.

9. Contributions:

The Boys & Girls Club of Natchitoches, Inc. has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. However, as disclosed above, there were no donor-imposed restrictions during the year ended December 31, 2006.

10. Government Grants:

Government grants consist of the following:

Department of Social Services	\$25,037
Department of Justice	<u>383.89</u>
Total	<u>\$63,426</u>

11. Commitments and Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Boys & Girls Club of Natchitoches, Inc. expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs, if applicable, is not established until final disposition of such matters by the funding agency.

In addition, the City of Natchitoches has indicated that it is owed approximately \$27,000 from the Boys & Girls Club, Inc. as reimbursement for the salary paid to the Club's executive director in 2003. It is the opinion of the Club's management that this amount will not have to be paid to the City. Accordingly, no provisions have been made in the financial statements for this liability.

Boys & Girls Club of Natchitoches, Inc.
Notes to Financial Statements
December 31, 2006

12. Going Concern:

The Club's funding sources have decreased significantly over the past three years. This has resulted in the Club closing more than one of its five locations, reducing personnel, travel and other costs. Any additional decrease in funding raises significant doubt about the Club's ability to continue as a going concern for a reasonable period of time. For the year ended December 31, 2006, the Club has a deficit fund balance of \$14,660.

13. In-kind Contributions:

The Boys & Girls Club of Natchitoches, Inc. received \$49,200 in various in-kind contributions during the year, which have been valued at their estimated fair market value, and presented in this report as revenue. Related expenditures, equal to the in-kind revenues have also been presented, thereby producing no effect on the net income (loss) for the year.

14. Loans:

During the year, the Boys & Girls Club of Natchitoches, Inc. borrowed \$25,000 from the Bank of Montgomery. This note has an interest rate of 8%. Interest is to be paid monthly with a final payment of \$25,000 in June 2007.

INTERNAL CONTROL AND COMPLIANCE

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
Boys & Girls Club of Natchitoches, Inc.
Natchitoches, Louisiana

We have audited the financial statements of the governmental activities and the major fund of the Boys & Girls Club of Natchitoches, Inc. (a nonprofit organization), as of and for the year ended December 31, 2006, which collectively comprise the Club's basic financial statements and have issued our report thereon dated March 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Club's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Club's internal control over financing reporting.

A control deficiency exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Club's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Club's financial statements that is more than inconsequential will not be prevented or detected by the Club's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Club's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Club's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Boys & Girls Club of Natchitoches, Inc.'s management, the Louisiana Legislative Auditor, and interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

March 27, 2007
Natchitoches, Louisiana

Boys & Girls Club of Natchitoches, Inc.
Schedule of Prior Year Findings
Year Ended December 31, 2006

There were no reportable conditions for the year ended December 31, 2005.

Boys & Girls Club of Natchitoches, Inc.
Schedule of Findings & Questioned Costs
Year Ended December 31, 2006

There were no reportable conditions for the year ended December 31, 2006.